

## Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 /084 W

----- 003925

P 071305Z JAN 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 8257

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

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GUATEMALA PASS ROCAP FULLMER

E.O. 11652: N/A

TAGS: ECIN, ETRD

SUBJECT: ANDEAN PACT COMMISSION FAILS TO SETTLE KEY PROBLEMS;  
WILL HOLD NEW SESSIONS JAN. 8-9

REF: 75 BOGOTA 12254

1. SUMMARY: ANDEAN PACT COMMISSION MET IN LIMA DEC. 26-31  
AND AGREED TO EXTEND PERIOD CONCLUDING SECTORAL AGREEMENTS FOR  
18 MONTHS, BUT REPORTEDLY AGREED ON DE FACTO SUSPENSION AUTO-  
MATIC REDUCTION INTERNAL TARIFFS UNTIL PROGRESS IS MADE ON  
SECTORAL AGREEMENTS. COLOMBIAN REPORTEDLY APPROVED FOR CAF  
DIRECTOR, AND COMPLETE CHANGE AGREED ON JUNTA MEMBERSHIP WITH  
BOLIVIAN, PERUVIAN, AND VENEZUELAN MEMBERS TAKING OVER FEB. 29.  
EXECUTIVE DIRECTOR OF JUNTA REPORTEDLY WILL BE CHILEAN.

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COMMON EXTERNAL TARIFF QUESTION DEFERRED AND WILL NOT

BE ACTED UPON DURING JAN. 8-9 EXTRAORDINARY SESSION. COMMISSION DID APPROVE ANDEAN TRUNK ROAD SYSTEM (DECISION 94) AND 1976 ADMINISTRATIVE BUDGET (DECISION 95). IN GENERAL, MEETINGS WERE MARKED MORE BY RHETORIC THAN BY PROGRESS, AND SOME OF THOSE CLOSE TO PACT AFFAIRS WERE RATHER DISHEARTENED BY SESSION. END SUMMARY.

2. NINETEENTH ORDINARY SESSION ANDEAN PACT COMMISSION WAS HELD IN LIMA DEC. 26-31 (SESSION LASTED INTO JAN. 1 BUT CLOCK WAS OFFICIALLY "STOPPED"). IN VIEW OF THE FACT THAT MEETINGS FAILED TO RESOLVE OUTSTANDING PROBLEMS, COMMISSION DECIDED TO CALL EXTRAORDINARY SESSION FOR JAN. 8-9 IN LIMA FOR FURTHER CONSIDERATION AND TO DEFER LESS PRESSING PROBLEMS FOR DISCUSSIONS LATER THIS YEAR.

3. SECTORAL AGREEMENTS AND TRADE LIBERALIZATION - FOLLOWING GENERAL LINES "GUAJIRA AGREEMENT" (REFTEL) PERIOD FOR CONCLUDING SECTORAL AGREEMENTS WAS EXTENDED FOR 18 (SOME REPORTS SAY 24) MONTHS BEYOND DEC. 31, 1975, DEADLINE. THIS EXTENSION, REPORTEDLY PREFERRED BY COLOMBIA AND CHILE, AND AGREEABLE TO PERU AND VENEZUELA, WAS DISPUTED BY ECUADOR AND BOLIVIA. FINALLY, IT WAS DECIDED THAT SECTORAL AGREEMENT DEADLINE DELAY SHOULD BE TIED TO A DE FACTO SUSPENSION OF "AUTOMATIC AND IRREVERSIBLE" TEN PERCENT ANNUAL REDUCTION IN INTERNAL TARIFFS. THIS REDUCTION IS OF MOST BENEFIT TO COLOMBIA, THE NATION LEAST INTERESTED IN COMING TO AGREEMENT ON SECTORAL PROGRAMS, AND IS SEEN BY OBSERVERS HERE AS AN EFFORT TO ENCOURAGE COLOMBIA TO BE MORE FORTHCOMING ON SECTORAL PROGRAMS ISSUE. INTERNAL TARIFF REDUCTIONS CAN BE CONTINUED ON SCHEDULE, APPARENTLY, ONCE AT LEAST SOME PROGRESS IS MADE ON SECTORAL AGREEMENTS, THOUGH EMBASSY HAS NOT BEEN ABLE TO DISCOVER EXTENT OF PROGRESS WHICH WOULD BE REQUIRED TO RESTORE PLANNED TARIFF REDUCTIONS.

4. PERSONNEL - EXTENSIVE PERSONNEL CHANGES ARE REPORTEDLY PLANNED INVOLVING ANDEAN DEVELOPMENT CORPORATION (CAF), JUNTA, AND EXECUTIVE DIRECTOR (SECRETARY) OF JUNTA'S TECHNICAL STAFF. EMBASSY UNDERSTANDS COLOMBIAN CANDIDATE BEING NAMED CAF DIRECTOR, REPLACING BOLIVIAN INCUMBENT, LIMITED OFFICIAL USE

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AND THAT JUNTA WILL (EFFECTIVE FEB. 29, 1976) BE MADE UP OF REPRESENTATIVES OF BOLIVIA, PERU, AND VENEZUELA, REPLACING INCUMBENT ECUADOREAN, COLOMBIAN, AND CHILEAN MEMBERS. WITH ONLY FIVE TOP-LEVEL ANDEAN JOBS, ONE COUNTRY MUST OF NECESSITY BE "LEFT OUT", AND THIS TIME AROUND IT WAS ECUADOR, WHICH WAS ALLEGEDLY ASSUAGED BY THE FACT THAT AN ECUADOREAN (MONCAYO) WAS RECENTLY NAMED SECRETARY GENERAL OF SISTEMA ECONOMICO LATINOAMERICANO (SELA).

5. COMMON EXTERNAL TARIFF - GIVEN WIDE RANGE OF DIFFERENCES INVOLVING QUESTION OF COMMON EXTERNAL TARIFFS AND THE FACT THAT DEADLINE FOR AGREEMENT LIES WELL INTO THE FUTURE, COMMISSION DECIDED TO DEFER DISCUSSION OF THIS ISSUE FOR AN INDEFINITE PERIOD BEYOND JAN. 8-9 EXTRA-ORDINARY SESSION. MEANWHILE, TECHNICAL STAFF WILL CONTINUE STUDIES.

6. DECISIONS 94 AND 95 - THE COMMISSION DID APPROVE, AS ANTICIPATED, DECISION 94 AUTHORIZING PROJECTS IN ROAD-BUILDING SECTOR, AND DECISION 95, APPROVING TECHNICAL SECRETARIAT'S 1976 BUDGET, REPORTEDLY IN EXCESS OF \$3 MILLION.

7. COMMENT: EMBASSY UNDERSTANDS THAT MEETINGS WERE MARKED BY CONSIDERABLE RHETORIC AND THAT SOME DELEGATES, PARTICULARLY BOLIVIANS AND TO A LESSER DEGREE ECUADOREANS, WERE UNHAPPY AT THE LACK OF PROGRESS, E.G., ON SECTORAL PROGRAMS ISSUE. BOLIVIANS SEEM TO FEEL THAT MORE INDUSTRIALIZED COUNTRIES ARE REAPING GIANT'S SHARE OF ANDEAN PACT BENEFITS. THOUGH PRESSING ISSUES HAVE BEEN SUCCESSFULLY POSTPONED, SOME OF THOSE CLOSE TO ANDEAN PACT AFFAIRS HERE WERE RATHER DISHEARTENED BY FAILURE OF COMMISSION TO COME UP WITH MORE POSITIVE ACCOMPLISHMENTS.  
DEAN

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